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IN REPLY
REFER TO DLMSO

July 27, 2001

MEMORANDUM FOR: DISTRIBUTION

SUBJECT: Interim Change 00-1 to Military Standard Billing System (MILSBILLS), "
Use of the Undistributed Intergovernmental Payments Account, F3885"

In their July 2001 meeting, the DLMS Finance Process Review Committee approved changes to the use of the Interfund Suspense Account, otherwise referred to as the *Undistributed Intergovernmental Payments Account, F3885*. This change is required to comply with recent changes (Chapter 11) in the Financial Management regulation which limits the use of this clearing account. This policy clarification was originally sought by the DLMS Finance PRC and approved by the OSD Comptroller and DFAS along with other changes in this area..

This change is effective not later than September 30, 2001. DAASC will include the account in their interfund bill edit checks effective October 1, 2001. Addresses may direct any questions regarding this change to Mr. Dennis Thomas at 703-767-6128, DSN 427-6128, or e-mail, dennis_thomas@hq.dla.mil. Others should address questions to your designated Finance PRC representative http://www.dla.mil/j-6/dlms/Finance/FINANCE_PRC_Members.htm

Attachment

JAMES A. JOHNSON

Director

Defense Logistics Management
Standards Office

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Interim Change 00-1
Use of the Undistributed Intergovernmental Payments Account, F3885

DoD 4000.25-7-M, MILSBILLS is revised as follows: **(New or revised procedures are indicated with these attributes.) These changes will be incorporated in the revised MILSBILLS.**

I. Chapter 2 (Billing Procedures)

DAASC will edit each bill to ensure that:

a. The record count shown in pos. 5-7 of the summary billing record equals the actual count of the supporting billing records.

b. The bill-to address shown in pos. 30-35 of the summary billing record is a valid DoDAAC.

c. The amount shown in pos. 65-73 of the summary billing record equals the sum of the amounts shown in pos. 65-73 of the supporting billing records.

d. The Undistributed Intergovernmental Payments Account, F3885 is not cited on an interfund bill

e. Bills identified as interfund are authorized to be billed under interfund procedures. That is; the bill-to office DoDAAC is not:

non-DoD (begins with numeric, G, or Z),

- a DoD contractor (begins with C, E, L, Q, or U),
- DoD (begins with alpha other than C, E, G, L, Q, U, or Z) and the fund code requires noninterfund billing (normally XP fund code),
- an other DoD Component (begins with H) and the fund code is not listed in the other Defense Agencies ("A") appendix of the MILBILLS Fund Code Supplement and
- AAFES (begins with HX).

5. DAASC will reject bills when they fail any of the edits. Rejected bills will be returned to the originating communications center with a narrative description indicating the reason for rejection. Billing offices will correct the rejected bills and resubmit them to the DAASC. Billing offices will ensure that all appropriate adjustments for rejected billings and interfund collections are made to seller accounting records.

II. Chapter 5 (Interfund Billing System Procedures):

The DoD Components and ultimately the Defense finance and Accounting Service is responsible¹ for ensuring that there are adequate controls over their interfund related transactions such that:

- Lapsed accounts are not reported to the Department of Treasury or other DoD Components.
- **Interfund Statements of Transaction charging invalid account symbols are converted to valid accounts prior to submission to Treasury**
- **Interfund seller reports citing the Undistributed Intergovernmental Payments Account, F3885 are converted to an appropriate account (see Appendix A2) prior to submission to Treasury.**
- Seller interfund reimbursements reported to Treasury are based only on interfund billings processed and validated by DAASC.
- Interfund disbursement amounts placed in suspense; that is, charged to the F3885 account, are transferred to its proper expenditure account within 6 months.
 - If the disbursement transaction is not transferred to its proper expenditure account within 6 months, the accounting station shall record and obligate the disbursement as prescribed by DoD 7000.14-R, Volume 3, Chapter 11.
- The clearing account was authorized to temporarily record erroneous charges; therefore the reporting of the clearing account at fiscal year end is not authorized. Balances remaining in the clearing account at the end of the fiscal year will be prorated to the appropriate DoD Component appropriations as prescribed in the FMR. These adjustments will be reversed and the clearing account restored as of the new fiscal year.

III. Appendix A2 (Fund Code Procedures)

1. Fund codes are two position alpha/numeric codes used, in conjunction with Service or Agency code of the billed office to designate the billing method (interfund or noninterfund). When interfund billing is indicated, the fund code also indicates the fund account to be charged (disbursed) or credited (refunded).

- **The fund code to disbursement fund account conversion tables are published online in Part I of the Fund Code Table at http://www.daas.dla.mil/daashome/daasc_reports.htm#publications**
- **Only valid appropriations and limits may be associated with fund codes. The Undistributed Intergovernmental Payments Account, F3885 may not be associated with fund codes or used on interfund bills (DAASC will change fund codes referring to F3885 funds to the default appropriation effective October 1 2000).**
- **When a fund code used in the billing and adjustment process is not found on the fund code to disbursement fund account conversion table the appropriation charged will be assigned as follows:**

¹ Refer to DoD 7000.14-R, Volume 3, Chapter 11, Section 1115, the authoritative source for F3885 matters, for additional requirements.

<u>Organization (Billed Service Code</u>	<u>Interfund Default Appropriation</u>
<u>Contractor (C, E, L, Q, U)</u>	<u>Not applicable, noninterfund</u>
<u>NonDoD (G, Z, HX, Numeric)</u>	<u>Not applicable, noninterfund</u>
<u>Army (A, W)</u>	<u>21*2020</u>
<u>Air Force (D, F)</u>	<u>57*3400</u>
<u>Navy (N,P,R,V)</u>	<u>17*1804</u>
<u>Marine Corps (K,M)</u>	<u>17*1106</u>
<u>Defense Logistics Agency (S,T)</u>	<u>97*0100.5100</u>
<u>Other Defense Agency (H)</u>	<u>97*0100.</u>
<u>None of the above</u>	<u>97*0100.</u>

2. An additional use for the fund code, when the signal code is C or L, is to indicate the DoDAAC of the “bill-to” office. The fund code to billed office DoDAAC conversion tables are published online in Part II of the Fund Code Table at http://www.daas.dla.mil/daashome/daasc_reports.htm#publications

3. Requisitions submitted to DoD activities and the General Services Administration will always contain a fund code, unless the materiel requested will be issued without charge. When the materiel will be issued without charge the signal code (pos. 51) will be D or M (free issue) and the fund code will not be significant.

4. Service or Agency designated Fund Code Coordinators are responsible for maintaining fund codes for their Service or Agency. With the exception of DLA which has it’s own coordinator, DFAS maintains fund codes for Defense Organizations and Agencies. Fund code coordinators are identified at: <http://www.dlmsso.hq.dla.mil/Finance>